

PROSPECTIVE INVESTOR:

COPY:



CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

**948,718 Units Minimum
5,384,615 Units Maximum
for Gas and Oil Exploration and Development Activity**

Fellows Energy Ltd. ("Fellows" or the "Company"), is offering a minimum of \$1,850,000 and a maximum of \$10,500,000 of Units (the "Offering"), at a price of \$1.95 per Unit (each a "Unit" and collectively the "Units"), under Regulation D of the Securities Act of 1933, as amended (the "Securities Act"). Each Unit consists of (i) three shares of common stock, \$0.001 par value per share, of the Company (the "Common Stock") and (ii) one and one-half Series A warrants (each a "Warrant," collectively the "Warrants" and together with the Units and the Common Stock, the "Securities") to purchase Fellow's Common Stock. Each whole Warrant will entitle the holder to exercise such Warrant to purchase one share of Common Stock for a price of \$1.00 per share for three years from the date of purchase of such Unit.

Legend Merchant Group, Inc. ("Legend" or "Placement Agent") has agreed, as our exclusive agent, to offer the Units on a \$1,850,000 minimum, \$10,500,000 maximum "best efforts" basis. In a best-efforts offering, there is no assurance that all or any part of the Units will be sold.

An investment in the Securities offered hereby is highly speculative and involves a high degree of risk; prospective investors should not invest any funds in the Offering unless they can afford to lose their entire investment. See "Risk Factors" beginning on page 7.

The Securities offered hereby have not been registered under the Securities Act or any applicable state laws and are being offered privately and exclusively to a limited number of "accredited investors" (as defined under Rule 501(a) of Regulation D under the Securities Act) through this confidential private placement memorandum (this "Memorandum").

Neither the Securities and Exchange Commission nor any state authority has approved or disapproved of these Securities or passed upon the accuracy or adequacy of this Memorandum. Any representation to the contrary is a criminal offense.



30 Broad Street, 38th Floor
New York, New York 10004
Member NASD/SIPC, as Placement Agent

	Price to Investors	Placement Agents' Fee (1)	Proceeds to Fellows (2)
Minimum Offering	\$1,850,000	\$240,500	\$1,609,500
Maximum Offering	\$10,500,000	\$1,365,000	\$9,135,000

REPRODUCTION OF THIS MEMORANDUM IS NOT AUTHORIZED

The date of this Memorandum is April 15, 2005

EXHIBIT A

- (1) Fellows will pay to Legend, as the exclusive Placement Agent of the Offering, the following compensation: (i) a placement fee equal to 10% of the gross proceeds received from sales to certain investors identified by Legend; (ii) a warrant or warrants, identical to the Warrants contained in the Units, equal to 15% of the number of Units issued to certain investors identified by Legend, and (iii) a non-accountable expense allowance of 3% of the aggregate gross proceeds of the Offering. Fellows has also agreed to indemnify Legend and certain other persons against certain liabilities. See "Terms of the Offering."
 - (2) Before deducting expenses payable by Fellows (other than the fees and expenses of Placement Agent). See "Use of Proceeds."
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The Securities offered herein are to be purchased for investment only and not with a view to subsequent transfer or resale. The Securities are being offered pursuant to an exemption from registration under the Securities Act pursuant to Section 4(2) thereof and in compliance with Rule 506 of Regulation D ("Regulation D") promulgated by the Securities and Exchange Commission (the "Commission") and pursuant to exemptions from registration under certain state securities laws by reason of the provisions of Section 18 of the Securities Act. The Offering is being made only to "accredited investors" as defined under Regulation D. Each subscriber must represent that the subscriber is an "accredited investor" as defined under Regulation D. No public offering is involved and no public or other market is expected to develop for the Securities, which will not be transferable by the purchaser without complying with federal and state securities laws.

This Memorandum contains certain information that is non-public, confidential and proprietary in nature and is submitted on a confidential basis for use by a limited number of accredited investors solely in connection with the consideration of the purchase of the Securities offered hereby in the Offering. By accepting this Memorandum, you agree that, without the prior express written permission of Fellows, you will not release this document or discuss the information contained herein or make reproductions of or use this Memorandum for any purpose other than evaluating a potential investment in the Securities offered hereby and, in the event you elect not to purchase the Securities or the Offering is terminated or withdrawn, you will promptly return to any of the Placement Agents or Fellows this Memorandum and any other documents or information furnished by Fellows or its representatives.

As used herein, "confidential information" means information about Fellows or the Offering furnished by or on behalf of Fellows to you due to the fact that you are considering the Offering, but does not include information (i) which was publicly known, or otherwise known to you, prior to the time of disclosure, (ii) which subsequently becomes publicly known through no act or omission by you or your agents, or (iii) which otherwise becomes known to you, other than through disclosure by Fellows, its representatives or its attorneys.

Fellows will make available to each prospective investor, during the period of this Offering, the opportunity to ask questions of its management concerning any aspect of an investment in the Securities and to obtain any additional information, to the extent the Company possesses such information or can acquire it without unreasonable effort or expense, necessary to verify the accuracy of the information contained in this Memorandum.

This Memorandum includes summaries of various documents, statutes, regulations and agreements which do not purport to be complete and the original document, statute, regulation or agreement, accordingly, should be reviewed. Fellows has or will have in its possession various documents relating to its business which are available for inspection by

any prospective investor during normal business hours upon request to Fellows. See "Available Information."

This Memorandum includes statements, estimates, projections and other forward-looking statements with respect to Fellows' anticipated future performance which are based on various assumptions by management that may not prove to be correct. Such assumptions are inherently subject to significant uncertainties and contingencies, many of which are beyond the control of Fellows. Accordingly, no assurance can be given that Fellows can or will attain the results projected, and the actual results are likely to vary, perhaps materially, from those projected. In addition, certain of the information contained herein concerning economic trends is based on, or derived from, information provided by industry sources, and Fellows has not independently verified the accuracy of the assumptions upon which the trends are based.

No representations or warranties of any kind are intended or should be inferred with respect to the economic return which may accrue to any person as a result of an investment in the Securities. Neither the information contained herein, nor any prior, contemporaneous or subsequent communication should be construed by the prospective investor as legal or tax advice. Each prospective investor should consult his own investment, legal and tax advisor to ascertain the merits and risks of the transactions described herein prior to subscribing. See "Tax Considerations."

This Memorandum does not constitute an offer to sell or a solicitation of an offer to buy the Securities in any jurisdiction where, or to any person to whom, it is unlawful to make such offer or solicitation or to any person who is not an "accredited investor" as defined in Rule 501 under Regulation D of the Securities Act. Except as otherwise indicated, this Memorandum speaks as of the date on the Cover Page of this Memorandum and neither the delivery of this Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Fellows since such date. Purchasing the Securities and the underlying securities involves significant risks and a prospective investor should carefully read this Memorandum in order to evaluate the risks involved in light of the prospective investor's investment objectives and financial resources.

This Memorandum (and its Exhibits) is the sole source of information upon which you may rely in making your investment decision. If you are given any document, information (whether written or oral) or representation not included in this Memorandum, you must not rely upon such document, information or representation as having been authorized by Fellows or any of its officers, directors, employees or agents or the Placement Agents and you must not rely on it in making your investment decision. No person is authorized to give any information or to make representations in connection with this Offering other than the information and representations contained in this Memorandum and, if given or made, such other information or representations must not be relied upon as having been authorized by Fellows or the Placement Agents. Prior to the consummation of the purchase and sale of any of the Securities, Fellows will afford prospective investors an opportunity to ask questions of and receive answers from Fellows concerning the terms and conditions of the Securities, Fellows and other relevant matters and to obtain additional information to the extent that Fellows possesses such information or can acquire it without unreasonable effort or expense.

Investment by Tax Exempt Investors

In addition to the foregoing, an investor subject to ERISA or an educational institution or other entity exempt from taxation under section 501 of the Internal Revenue Code of 1986, as amended, is urged to consult with its legal, financial and tax advisors concerning certain considerations applicable to making such investments before investing in the Securities.

Notice To Investors

In making an investment decision investors must rely on their own examination of Fellows and the terms of the Offering, including the merits and risks involved. None of the Securities has been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Memorandum. Any representation to the contrary is a criminal offense.

The Securities offered herein are "Restricted Securities" as that term is defined by Rule 144 promulgated under the Securities Act and they may not be transferred, hypothecated or sold without registration under the Securities Act and applicable state securities laws, unless exemptions from such registration are available and established to the satisfaction of Fellows. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. See "Terms of the Offering."

Available Information

Fellows is subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in connection therewith, files registration statements, annual and periodic reports, proxy statements and other information with the Commission. Statements contained in this Memorandum as to the contents or provisions of any documents referred to in this Memorandum are not necessarily complete, and in each instance where a copy of the document has been filed as an exhibit to a filing with the Commission, we refer you to the exhibit for a more complete description of the matters involved. You may read and copy all or any portion of such registration statements, reports, proxy statements and other information without charge at the office of the Commission at 450 Fifth Street, NW, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, such registration statements, reports, proxy statements and other information and certain other filings made with the Commission electronically are publicly available through the Commission's website at <http://www.sec.gov>. Our website contains hyperlinks to our filings made with the Commission and can be accessed at <http://www.fellowenergy.com>.

Incorporation by Reference

The documents appended to this Memorandum constitute a constituent part hereof. See "Table of Contents." All documents filed by Fellows pursuant to the Exchange Act, prior to and subsequent to the date of this Memorandum and prior to the termination of this Offering shall be deemed to be incorporated herein by reference and made a part hereof from the date of filing of such documents. **This Memorandum should be read in conjunction with, and not as a substitution for, all documents filed by Fellows with the Commission pursuant to the Exchange Act.**

Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of

this Memorandum to the extent that a statement contained herein, therein or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Memorandum.

Any person receiving a copy of this Memorandum may obtain from Fellows without charge a copy of any and all documents incorporated herein by reference (other than exhibits and schedules unless such exhibits or schedules are specifically incorporated by reference into this Memorandum), upon written or oral request. Requests should be directed to Dana Burgess, Administrative Assistant, Fellows Energy Ltd., 370 Interlocken Boulevard, Suite 400, Broomfield, Colorado 80021. The telephone number is (303) 327-1525 or facsimile number (303) 327-1526.

Trademarks and other intellectual property rights of entities and organizations referred to in this Memorandum are the property of their respective holders. Fellows and the Fellows logo are trademarks of Fellows.

For definitions of certain industry terms used herein, see "Glossary of Terms."

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EXECUTIVE SUMMARY

Company History

Fellows Energy Ltd. is a development stage oil and gas company led by an experienced management team and focused on exploration and production of natural gas, especially from "Unconventional Resource Plays" such as tight sands and coal beds, and oil in the Rocky Mountain Region. An "Unconventional Resource Play" or "Resource Play" is an accumulation of hydrocarbons known to cast over a large areal expanse and/or a thick vertical section, which when compared to a conventional resource play, typically has a higher geological and/or commercial development risk and lower average decline rate. Whereas a conventional resource play is an accumulation of hydrocarbons in a structural or stratigraphic setting within high-quality reservoirs ("Conventional Play" or "Conventional Resource Play"). Fellows strategy is to pursue selected opportunities that are characterized by reasonable entry costs, favorable economic terms, high reserve potential relative to capital expenditures and the availability of existing technical data that may be further developed using current technology.

Fellows (f/k/a Fuel Centers, Inc.) was incorporated in Nevada on April 9, 2001. In November 2001, the Commission declared effective the Company's registration statement to register 31,185,150, as adjusted, shares of Common Stock held by its stockholders. The Company was originally formed to offer business consulting services in the retail automobile fueling industry. During the fourth quarter of 2003, the Company determined to change management, enter the oil and gas business and cease all activity in the automobile refueling industry. On November 12, 2003, the Company changed its name to Fellows Energy Ltd. and shifted its focus to exploration for oil and gas in the Rocky Mountain Region. The Company's Common Stock is publicly traded over-the-counter and quoted on the NASDAQ Bulletin Board under the symbol ("FLWE"). As of March 21, 2005, 41,743,150 of the Company's Common Stock was issued and outstanding, and we had reserved an additional 3,950,000 shares of Common Stock for issuance under our various stock and compensation incentive plans, exercise of outstanding warrants and conversion of outstanding convertible notes and outstanding convertible debentures.

On January 5, 2004, the Company acquired certain interests in certain oil and gas leases owned by Diamond Oil & Gas Corporation, a Nevada corporation ("Diamond"). Diamond is wholly owned by George S. Young, CEO, President and a Director of the Company.

In connection with the transaction with Diamond, the Company (i) issued 3,500,000 shares of the Company's common stock to Diamond; (ii) completed a private placement of \$2,750,000, pursuant to which the Company issued 2,750,000 shares of its Common Stock at \$1.00 per share; (iii) appointed George S. Young as the President, Chief Executive Officer and a Director of the Company and Steven L. Prince as the Vice President and a Director of the Company; and (iv) accepted the resignation of its management and redeemed 52,610,000 shares of Common Stock owned by the outgoing and former management in exchange for an aggregate sum of \$27,000.

Business Strategy

The Company seeks to: (i) achieve attractive returns on capital for the benefit of its stockholders through investment in exploration and development of Unconventional Resource Plays; (ii) maintain a strong balance sheet to preserve maximum financial and operational flexibility; and (iii) create strong employee incentives through equity ownership.

Focus on Unconventional Resource Plays

The Company plans to continue its focus on Unconventional Resource Plays, including Coalbed Natural Gas (“CBNG”), in the Rocky Mountain Region.

In its short operating history in the oil and gas industry, the Company has positioned itself to control and exploit potential reserves from a number of large oil and gas “resource” type projects. These projects focus on CBNG, tight sands gas and oil from fractured shales and are characterized by their widespread occurrence, large reserve potential, low finding and development costs, high drilling success rates, and low geologic and operating risks. The current project portfolio highlights the Company’s ability to negotiate deals where it controls large resource opportunities with relatively small amounts of capital. If the Company can establish that a particular Resource Play has commercial oil and/or gas reserves, the associated land position takes on substantial value as the resource is translated into proven reserves through development drilling. If the Company can achieve large proven reserves that result from initial drilling success, then it could have the ability to raise debt financing for development of the field, which would offer excellent potential for appreciating the value of shareholders’ equity.

Management also plans to include conventional oil and gas projects in its mix to create cash flow and reserves in the short term to support the Company’s overhead and allow for orderly development of the larger, more capital and lead-time intensive resource projects.

Management believes the Powder River Basin (located in Wyoming and Montana), Overthrust Belt (located in Utah and Wyoming) and Uinta Basin (located in Utah) represent some of the most attractive regions for Unconventional Resource Plays in North America due to a combination of available land, large Resource Play opportunities, low finding and development cost and production potential. Moreover, because of these regions’ proximity to major pipeline networks serving important U.S. markets, price differentials for gas sales can be managed at acceptable levels.

Disciplined Acquisition Strategy

Management intends to acquire producing oil and gas properties where they believe significant additional value can be created. Management is primarily interested in Resource Play properties with a combination of these factors: (i) opportunities for long life production with stable production levels, (ii) geological formations with multiple producing horizons, (iii) substantial exploitation potential, and (iv) relatively low capital investment production costs.

Exploitation of Properties

Management intends to maximize the value of Fellows’ properties through a combination of successful exploration, drilling, increasing production, increasing recoverable reserves and reducing operating costs. Where we deem appropriate, we will employ technology to improve recoveries such as directional and horizontal drilling. Directional and horizontal drilling and completion methods have historically produced oil and gas at faster rates and with lower operating costs on a Mcfe basis than traditional vertical drilling.

Experienced and Incentivized Personnel

Management intends to maintain a highly competitive team of experienced and technically proficient employees and consultants and motivate them through a positive work environment and stock ownership in Fellows. Management believes that employee ownership, which is encouraged through our stock option plan, is essential for attracting, retaining and motivating qualified personnel.

Stock Option Plan

On October 9, 2003, we adopted an incentive stock option plan, pursuant to which shares of our Common Stock are reserved for issuance to satisfy the exercise of options. The purpose of the incentive stock option plan is to retain qualified and competent officers, employees and Directors. As noted in the table below, the incentive stock option plan for our executive officers authorizes up to 2,000,000 shares of authorized Common Stock, to be purchased pursuant to the exercise of options. The effective date of the stock option plan was October 9, 2003, and the stock option plan was approved by shareholders on November 10, 2003. On September 15, 2004, we granted an option for 200,000 shares to our CEO, 150,000 shares to our vice president and 125,000 shares to an employee. These options are exercisable at \$0.80 per share, the price of our Common Stock on the date of grant. The options vested 50% on the grant date and will vest 50% on September 15, 2005. See "Description of Capital Stock" below.

Company and Industry Highlights

Solid Rocky Mountain Fundamentals

According to the report *Balancing Natural Gas Policy – Fueling Demands of a Growing Economy* (September 25, 2003), released in the fall of 2003 by the National Petroleum Council (the "National Petroleum Council"):

current higher gas prices are the result of a fundamental shift in the supply and demand balance. North America is moving to a period in its history in which it will no longer be self-reliant in meeting its growing natural gas needs as production from traditional U.S. and Canadian basins has plateaued. Government policy encourages the use of natural gas but does not address the corresponding need for additional natural gas supplies.

Furthermore, within the State of Wyoming, as indicated by data compiled by the Wyoming Oil & Gas Conservation Commission and available on its website at www.wogcc.state.wy.us, gas production has increased 80% since the mid-1990s and is expected to surpass 6 Bcf per day this year, largely from CBNG production in the Powder River Basin and tight sands gas production from the Green River Basin. In the Powder River Basin, 16,000 wells have been drilled to date (mostly in the last five years) and approximately 50,000 additional drill locations have been identified. Although this area has been historically challenged by pipeline capacity restraints and tough environmental regulations, substantial progress has been made with the doubling of capacity of the Kern River Pipeline and the completion of the Grasslands and Cheyenne Plains Pipelines, which Management believes bodes well for future development, growth and economics in the Rocky Mountain Region.

Focus on Resource Plays

In building its inventory of oil and gas projects, Management has concentrated primarily on Resource Plays.

Compared to Conventional Plays, Resource Plays present different advantages and risks. Typically, Resource Plays involve less geologic risk than Conventional Plays with respect to locating gas because hydrocarbons are known to exist and because Resource Plays are typically larger in size. Similarly, due to the greater size of typical Resource Plays, they inherently have greater reserve potential than Conventional Plays. In general, Resource Plays have not been developed to the extent of Conventional Plays and therefore greater opportunities exist for acquiring additional Resource Plays and increasing reserves.